

Doron F. Eghbali Business Planning Law

[More Help from SBA: Act Fast Now](#)

Wednesday, March 3, 2010 by [Doron F. Eghbali](#)

The Small Business Administration (SBA) is helping out small businesses with a new loan program called America's Capital Recovery Loan Program (ARC). ARC provides struggling qualified business owners up to \$35,000. However, you should act very fast because the funding is available until September 30, 2010 or when there remains no money, whichever comes first. Here is what you should know about this important financial help with generous terms.

WHAT IS IT?

ARC helps businesses to make payments of interest and principal for six months on existing qualifying loans. The ARC loans allow businesses to refocus on their core operations such as purchasing inventory and making payroll and not worried about their loan obligations.

ADVANTAGES OF ARC

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- **UP TO \$35,000:** ARC Loans Are Provided Up to \$35,000 to each borrower.
- **INTEREST FREE:** ARC Loans Are Interest Free to Borrower.
- **SBA 100% GUARANTEED:** Loans Are 100% Guaranteed by the SBA.
- **PAID OVER 6 MONTHS:** ARC Loans Are Provided Over a 6-Month Period.
- **REPAYMENT DEFERRED FOR 12 MONTHS:** ARC Loan Repayments Are Deferred for 12 months after the last disbursement of the proceeds.
- **LENDER PAYS NO FEES TO SBA:** Your lender does not pay anything to SBA for making the loan.

ELIGIBILITY REQUIREMENTS

1. VIABILITY OF YOUR BUSINESS

Your business MUST demonstrate the following:

- **Immediate Financial Hardship:** Your business is in immediate financial hardship. Immediate Financial Hardship is defined below.
- **Qualifying Loans:** Your business has qualifying loans. Examples of qualifying loans are provided below.
- **Profitable for at Least One of the Past Two Years:** Your business has been profitable at least in one of the last two years.
- **Projection of Positive Cash Flow for Two Years:** Your business is able to project a positive cash-flow to meet present and future loan obligations for the next two years from the time of loan approval.

- **CAUTION:** Businesses whose loans are delinquent more than 90 days or so or whose past performance or future projections does not paint a rosy picture, probably have a hard time getting approved. Still, you might become eligible if your lender approves you. For more help, read my previous article on [How to Optimize Your Chances of Obtaining SBA Loans](#).
- **CAUTION:** ARC loans are not for start-up businesses. For help to start-up funding, read my previous blog [HERE](#).

2. QUALIFYING LOANS (SBA-PROVIDED EXAMPLES)

Examples of qualifying loans include but not limited to:

- Credit Card Obligations for Your Business
- Capital Leases
- Note Payable to Supplies and Vendors
- Loans Made to Your Business without an SBA Guaranty

3. IMMEDIATE FINANCIAL HARDSHIP (SBA-PROVIDED EXAMPLES)

- Loss or reduction of your customers
- Loss or reduction of your working capital
- Loss or reduction of access to short-term loans
- Loss or reduction of your major suppliers because they are no longer in business
- Increase in cost of doing business

4. HOW TO APPLY FOR ARC

Contact your commercial lender who has had a previous relationship with the SBA. For more information read: [How to Optimize Your Chances of Obtaining SBA Loans](#).

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